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ZNY SSSSS ZZH
R 141114Z OCT 09
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 6440
INFO RUEHOO/CHINA POSTS COLLECTIVE

S E C R E T SECTION 01 OF 03 BEIJING 002870

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E.O. 12958: DECL: 10/14/2034
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SUBJECT: PRC: A/S CAMPBELL'S MEETING WITH VFM HE YAFEI

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

11. (S) Summary: China appreciates that President Obama plans to spend three days in China and hopes the visit will produce concrete results, China's Vice Foreign Minister He Yafei told EAP A/S Campbell October 13. China also hopes for a joint statement that will send a positive message that the U.S. and China are working together on major issues, and that the relationship is on the right track. The announcement that President Obama will meet with the Dalai Lama in the future was a "shock" to China, VFM He claimed, and the U.S. should not underestimate the importance of the Tibet issue to China.

VFM He urged the U.S. to engage in bilateral discussions with North Korea as a way to return to the Six-Party Talks framework. China welcomes expanded bilateral education exchanges and can reciprocate with even larger numbers of students traveling to the U.S. to study. On trade, both sides must resist protectionist pressures that might undermine mutual trust. VFM He assessed that international climate change negotiations are going poorly, drawing greater focus onto the U.S. and China's positions. APEC is also performing poorly, and discussions at the upcoming APEC summit on its future will be important. VFM He noted that China does not wish to see the U.S. excluded from Asian regional architecture concepts. China attaches importance to bilateral space cooperation, including a visit by the NASA administrator. Finally, VFM He urged the resumption of the launch of U.S. satellites on Chinese rockets. End Summary.

Presidential Visit

12. (S) A/S Campbell began the October 13 meeting with VFM He Yafei by underscoring that, in preparing for the next stage of the U.S.-China relationship, it was important to arrange the best possible presidential visit in November. Despite the considerable domestic pressures that had caused the President to limit other aspects of his Asia visit, he planned to spend a large amount of time in China. This was a reflection of his commitment to the relationship and of his desire to "get off to a good start." The substantive results of the visit would be, of course, the most important aspect, but we also needed to find the right "phrases and concepts" to characterize our relationship.

14. (S) VFM He responded that China "appreciates the length of the visit." In preparation, we should focus on some of the difficulties and obstacles, as these could lead to progress. What "worries China the most" was how to deal with sensitive issues during and after the Obama visit. China looked for concrete results from the visit, but would need "a piece of paper" that will send a positive message that the U.S. and China are working together on the major issues, and that our relationship is on the right track.

China's "Core Interests: Taiwan, Tibet, Xinjiang

15. (S) A/S Campbell noted that China referred to Taiwan, Tibet and Xinjiang as among its "core interests." Some of

these issues would best be left outside of the visit
communique and restricted instead to our political dialogues,
Campbell suggested. The U.S. welcomed the positive steps
China had taken on Taiwan, and when we met with the Taiwan
authorities, we reassured them that we supported this
peaceful cross-Strait dialogue. On Tibet, China should note
that we took no position on calls by Tibetan exiles for a
semi-autonomous region. Finally, on Xinjiang, since the July
difficulties, we had taken a very careful stance. The U.S.
understood that these issues were very important to China,
but they had significance to us, too, so China had to be
careful not to "paint us into a corner," A/S Campbell warned.

¶6. (S) VFM He replied that the principles on all three of
these issues were clear, but how we handled them was still
important. China raised them not simply to please some
domestic constituency, but because they bore upon China's
sovereignty and territorial integrity. The announcement that
President Obama would meet with the Dalai Lama at the end of
the year "came as a shock to us," VFM He said. The U.S.
characterized meetings between the Dalai Lama and the
President as "a tradition." The Dalai Lama was a political
exile and the leader of an organization that wanted to
"dismember" China, VFM averred.

North Korea

¶7. (S) On North Korea, A/S Campbell explained that the U.S.
was willing to engage the DPRK in bilateral dialogue, but our
desire was for the DPRK to return to the Six-Party Talks.
Within the Six-Party Talks, we could continue bilateral

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discussions. First meetings with the North Koreans "can be
difficult," and it was in neither U.S. nor Chinese interest
for such a meeting to come shortly before the President's
visit, A/S Campbell explained.

¶8. (S) VFM He replied that "we have been doing our best" to
bring the DPRK back to the Six-Party Talks. As the U.S. now
had the opportunity to engage the DPRK, it should do so.
"Start a dialogue, see what they can offer, and then return
to the comprehensive Six-Party Talks framework," VFM He
advised.

Educational Exchanges

¶9. (C) A/S Campbell explained the U.S. proposal for a new
program that would double the number of U.S. students
studying in China over the next four years to 100,000. VFM
He replied that China appreciated the idea and that, in
principle, the students would be welcomed. China could
reciprocate, but the number of students would be much larger.
VFM He referred A/S Campbell to a proposal made by State
Counselor Liu Yandong to Secretary Clinton that the two
countries develop a larger "humanities exchange" framework.

Trade Issues

¶10. (S) VFM He raised "trade and protectionism" as key issues
to China. After 30 years of engagement, the U.S.-China
economic relationship was solid, "but we must not do anything
to undermine this." While China's trade with other countries
was dropping, in the latest figures it continued to rise, if
slightly, with the United States. There was strong pressure
on both sides to adopt protectionist trade measures. The
tire safeguards case had been "a bitter lesson" for China.
We had to guard against new protectionist measures or risk
undermining our mutual confidence. A/S Campbell replied that
the U.S. was clear about China's position. Both sides had to
continue to engage on these issues, not least through the
SnED.

Climate Change

¶11. (S) VFM He said climate change would be "the number one or number two topic" at the presidential meeting, and that the whole world would be watching for results. People were saying that the climate negotiations were "off track," putting an even greater focus on what the U.S. and China put forward. The Danes and French had suggested advancing political negotiations for Copenhagen because the technical track was failing. A/S Campbell said that, in his personal view, climate change was the biggest threat to the human race. There was pressure on us both to succeed.

Asian Regional Architecture

¶12. (S) Addressing Asian regional architecture, VFM He said that China saw the U.S. role in Asia as important and would do nothing to exclude it. At the same time, the U.S. had to respect China's interests. At the upcoming APEC meeting, APEC's future would be on the agenda. "APEC is not really working," VFM He averred. "It is mostly a platform for bilateral meetings." VFM He noted suggestions that the U.S. join in the East Asian Summit, and Dr. Kissinger's proposal for a "Cross-Asia Community."

¶13. (S) A/S Campbell agreed that APEC was not performing well, noting it should have been in the lead in dealing with the economic crisis. There had been a proliferation of dialogues in recent years. The G20 had been a major step forward in shifting the global architecture away from strictly Europe and toward Asia. The U.S. and China should have dialogue on multilateral organization building in Asia. Any new bodies should be pan-Pacific, not Pan-Asian, A/S Campbell urged. VFM He agreed.

Space Cooperation

¶14. (S) VFM He raised aerospace cooperation, noting that the director of NASA might visit China. Perhaps through such cooperation we could send astronauts together to the moon, he commented. One more immediate step the U.S. could take, however, would be resuming permission for U.S. satellites to be launched on Chinese platforms. If legal hurdles prevented this, we could go back to the most recent understanding, on which satellite launches had been approved on a case-by-case basis, VFM He noted. A/S Campbell agreed that space could be an area for cooperation and pledged to contact the director of NASA upon his return to Washington.

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¶15. (U) The delegation cleared this message.
HUNTSMAN